

a stage of economic recovery - from the distress of the 'thirties and the ravages of World War II - which has enabled them to take minor downward adjustments taking place in the economies of North America in their stride. Mind you, if the United States at some future date were to have a really serious recession or go down hill to a full-scale depression, no doubt Canada and the rest of the world would feel the impact quite severely. But what I think should be recognized is that the economies of other countries are developing some basic strength of their own that makes them somewhat more independent of economic events in the United States than they are generally given credit for.

The implication for the near-term economic outlook is: If the economic situation in the United States improves, as most Americans seem to think it will, Canada's export trade with that country should benefit. If, on the other hand, the economic situation in the United States continues on its present course of showing little improvement for another year, the Canadian economy may not be seriously affected as long as most of our overseas customers continue to do fairly well, as they appear to be doing at present, and as long as overall domestic demand continues reasonably firm.

Problems of Business

The third problem that I would like to touch upon relates to the general problem of the economic adjustments that Canadian industry has to face from time to time. The same is true for many of Canada's municipalities which gain or lose industries and for most of Canada's working population who change jobs and venture into different businesses. In the last year or so when this adjustment has been more pronounced than at any time since the end of the last war, the clamour for governments to step in and do something about this problem has been understandably great. I have given one example of the type of government action asked for by some industries: increased protection. Other demands have ranged all the way from extending social security coverage to initiating a broad program of public works, from awarding defence contracts to non-competitive industries to paying subsidies to keep declining industries from closing down, from reducing the flow of immigrants into Canada to prohibiting exports of certain industrial raw materials.

Obviously, if all or most of these demands for government action had been heeded, the Canadian economy would have been transformed into one very different from the free enterprise society it is now. Let me hasten to add that it is not for me to say what government economic policies are most appropriate in the present period of economic adjustment or at any period. This is a matter for the business community, the trade unions, and the public in general to consider, and for the various legislatures and governments to decide.

But perhaps we can concern ourselves today with the general question: If the Canadian economy is to maintain its basically private enterprise character, if market forces rather than government controls are to be the deciding factors in the production and distribution